Competition, bankruptcy, and the decline of the United Auto Workers

The UAW has released only an outline of the new contract's features, lauding the contracts "improvements in health care benefits," pensions, and "improved profit-sharing" between owners and employees.

Union leadership has also emphasized the job creation the new contracts will bring, which reportedly will guarantee at least 6,400 jobs will be added or retained for GM workers – most of which will only pay "second tier" wages of $16/hour.

"In these times, in these conditions, to get an agreement of this status is just a miracle job," said Jerry Gillespie, president of the UAW local 1260 in Warren, Michigan. "This is an agreement that has no concessions in it."

But despite labor leadership patting itself on the back for a contract they say has "no concessions," the fact of the matter is that representatives for the UAW have tread very carefully during this round of negotiations, mindful of the financial problems GM has recently passed through – problems which translated into near bankruptcy for the company and massive layoffs, healthcare crisis and pay cuts for workers.

During the talks, they pushed for only modest discussions surrounding possible wage increases for workers in the 'two tier' system (those hired after 2007) – the final raise will only amount to a little over $15/hour, a far cry from the previous $28/hour workers used to receive.

With the results of the latest contract finally coming in, some union members are becoming increasingly agitated.

"What it looks like we are getting [in this contract]," says United Auto Worker Nick Waun, "is a slap in the face."

"We knew this contract would be lean, but many believed it reasonable that it would reverse the modification concessions and take us back to where we were with the 2007 UAW-GM National Agreement."

The assumption isn't hard to understand – GM made massive profits this year, with its CEO taking home over $9 million in pay and benefits.

The New Partnership:

Following the 2008 economic crisis, the General Motors Corporation declared bankruptcy.

GM managers had few people to blame for their abysmal failure other than themselves. The company was so badly managed before the 2009 bankruptcy that it lost a staggering 45% of its total U.S. sales since the previous year, and unlike its competitors Ford and Toyota, had no cash on hand to pay down its monstrous debt once the economy crashed.

The near total collapse of the iconic motor company, however, was not an option for the fragile U.S. economy. In response, the Obama administration orchestrated an aggressive bailout of the company,

to the tune of some thirty billion dollars. Bringing together the UAW, federal and provincial Canadian government agencies and various creditors, the company sold its shares and agreed to restructure its organization – mostly by making deep cuts to its production.

The cuts devastated many working families, but provoked few, if any, serious responses from UAW leadership, who wound up holding large amounts of the company's stock.

UAW leadership then unilaterally signed away their members' job bank program (a badly needed safety net for fired UAW members) and future cost of living adjustments without so much as a courtesy vote. The right to strike for the next several years was likewise surrendered, leaving the fate of abused workers entirely in the hands of the company.

Worst of all, in the eyes of many UAW workers, was the creation of the "two tier" wage system, in which two people working the same job are paid unequally, forcing some workers to take as much as a 50% pay cut.

"We learned a lot three years ago," explains Jim Graham, UAW local 1112 president, speaking about the bailouts of the auto industry. "We came to the realization that management is not the enemy; the enemy is the competition. Management and the UAW have the same goals now. We still have our issues with the company, but we resolve them like a business."

An unsurprising sentiment, given that the UAW now owns over 17.5% of GM stocks, as par the bailout agreements.

The conflict of interest hasn't gone unnoticed. "Industry management and union leadership are increasingly speaking from the same script…" notes business writer Lila Shapiro of the Huffington Post, "intent on preserving the peace that has fostered the turnaround. But beneath that dynamic, many union members are seething…"

Todd Siglow, a UAW worker who was recently forced to relocate 400 miles away from his family in order to keep his job observed, "[the UAW is] so proud of their image: the new GM, the new UAW. They preach all this bullshit — brotherhood, solidarity, whatever. You know what? My family is ripped apart. Nobody is helping me with nothing."

Moving forward:

Undoubtedly, the problem of increased competition and declining sales in the auto industry is a real problem for workers – in response, GM has cut thousands of jobs and closed hundreds of stores and factories.

But the solution is not for the unions to cozy up to the boss. The idea that there should be any partnership between employers and employees is absurd on its face, as evidenced by GM's constant battles to undermine the livelihood of their workers.

We should reject the mindset that "beating the competition" is the best path forward. Competition will exist so long as capitalism does, and workers have never come out on top by backing the boss.

The surest path to slowing the rate of arbitrage and job loss is to plan for the worst. Capitalist businesses are notoriously unstable, and often fail. Because of this, workers need a contingency plan for company bankruptcies.

Contrary to the opinion of the leadership of our business unions, bankruptcy and factory closings do not have to signal the end of the line for working families.

Quite the contrary, they may present an unprecedented opportunity to American workers.

When confronted with the threat of a company's bankruptcy, we might do well to follow the example of the Argentinean recovered factory movement, in which tens of thousands of Argentinean workers took over their bankrupted factories and began to manage them democratically.

In a brilliant 2004 film produced and directed by Naomi Klein and Avi Lewis titled The Take, filmmakers introduce us to the world of reclaimed factories – a world where the work day is no longer decided on by managers, and where company 'profits' no longer wind up in the pockets of the few, but are instead used to fund community schools and employment programs for the poor.

With their example before us, UAW members might do well to begin thinking about a change of course if they are serious about protecting their livelihoods.

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